

NEW SYSTEM ON MILITARY CARGO BARED

Procedure On Bidding Revised; First Test Is Due July 20

(By a Sun Staff Correspondent)

Washington, June 16—The first step in a new system of competitive bidding from the maritime industry for transporting military cargoes on regularly scheduled commercial ships was announced today by the Defense Department.

The initial bids—due July 20—will cover cargoes moving between Atlantic coast, Gulf and Great Lakes ports of the United States to ports in the United Kingdom and northern Europe.

Awards will be made within three weeks after receipt of bids, and the first physical movement is scheduled to begin August 31.

Second Test

The second test of the new bidding procedure will come between August 1 and January 31, when the Defense Department will take bids for cargo carriage to the Far East, Mediterranean, Caribbean, interport trades and assorted ports.

The elaborate specifications distributed today by the military Sea Transportation Service, which handles ocean shipping for the Defense Department, called for bids in the movement of both containerized and break-bulk cargoes.

Included in the specifications are details for the transportation of freight in both ways.

Package Plan

Until now, the MSTS has been allocating specific amounts of cargo to each steamship line engaged on a prescribed trade route. Most of these companies belonged to steamship conferences serving both Europe from the Atlantic Coast and the Far East from the Pacific Coast.

The cargo was more or less evenly divided and the freight rates were the same—negotiated as a package with the ocean shipping conference.

Fifteen months ago, however, an independent line, Sapphire Steamship Company proceeded to institute an operation on the North Atlantic. That operation consisted

primarily of the movement of household goods for the Defense Department from one or two United States ports to one or two European ports.

Rate War

This movement was at a substantially reduced rate, from which a rate war ensued between the independent operator and the conference lines.

Congress and the Federal Maritime Commission launched investigations of freight rates, with particular emphasis on MSTS cargo movements since Government money was involved.

At the Federal Maritime Commission hearing April 4, Robert C. Mont, deputy Assistant Secretary of Defense for logistics, revealed that the Defense Department planned to institute a system of competitive rate bidding for sealifting military cargoes. H.D.B.